

Amendment No. 1  
Lease Agreement Between City of Globe and  
Thomas M. Thompson

Second paragraph page 1 to read as follows:

Lessor, for and in consideration of the agreements and covenants of Lessee contained herein, does hereby lease to Lessee and the Lessee leases from the Lessor the second floor and a portion of the basement (for storage Lessee's documents) of the building known as the Amster building located at 102 North Broad Street in Globe, Arizona. ("Leased Premises" herein).

ARTICLE TWO

Section 2.1 – to read

Lessee agrees to pay as rent for the subject property the sum of Two Thousand Three Hundred and 00/100 Dollars per month. In addition to the monthly rent, the Lessee shall pay all privilege, sales, use or other such taxes which may be impose don the monthly rent by any governmental taxing authority.

Section 2.3 - to read

The foregoing provisions notwithstanding, the monthly rent shall automatically increase 3 percent (3%) on July 1<sup>st</sup> each year.

Section 2.4 to be removed in its entirety

ARTICLE FIVE

Section 5.1 – The following is to be added at the end of the current section

Lessee shall be fully responsible for construction and maintenance of any and all tenant improvements installed in the basement of the above referenced building, at no cost to Lessor, to meet the Lessee's document storage and security needs. Such improvements will become Lessor's property upon termination of this lease agreement. Should Lessor determine a need for an alternative use of the said building's basement, Lessor shall provide Lessee a ninety (90) day advance notice to vacate the basement space in writing and Lessee shall remove all its property from the basement within the said ninety (90) day notice-period, at no cost to the Lessor.

## LEASE AGREEMENT

This Lease is made and entered into effective this 1st day of July, 2002 by and between the **CITY OF GLOBE**, an Arizona Municipal Corporation, hereinafter referred to as Lessor, and **THOMAS M. THOMPSON**, of Globe, Arizona, hereinafter referred to as Lessee. As used herein, the term Lessee shall also include all of Lessee's employees, agents, assigns or successors, or anyone claiming under him or acting in his behalf.

Lessor, for and in consideration of the agreements and covenants of Lessee contained herein, does hereby lease to Lessee and the Lessee leases from Lessor the 2nd floor of the building known as the Amster Building located at 100 North Broad Street in Globe, Arizona. ("Leased Premises" herein).

### ARTICLE ONE

1. Term. This lease is for the term of five (5) years, commencing with the 1st day of July, 2002, and ending the 30th day of June, 2007, unless sooner terminated as hereinafter provided, or same is automatically extended as provided herein.

### ARTICLE TWO

2.1 Rent. The rental payment for said property shall be paid as follows:

Lessee agrees to pay as rent for the subject property the sum of Two Thousand One Hundred and 00/100s (\$2,100.00) Dollars per month. The first payment shall be due on or before the 1st day of July, 2002, and a like sum of Two Thousand One Hundred and 00/100s (\$2,100.00) Dollars, on or before the 1st day of each succeeding month thereafter for the term of the lease. In addition to the monthly rent, Lessee shall pay all privilege, sales, use or other such taxes which may be imposed on the monthly rent by any governmental taxing authority.

2.2 Deposit. In lieu of deposit, Lessee shall complete purchase and installation of light fixtures and approved wooden blinds as provided in paragraph 4.2 herein and shall receive credit against rental payments as provided herein.

2.3 The foregoing provisions notwithstanding, the Lessor shall have the option of increasing the monthly rent a maximum of three (3%) percent in years four and five

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of the initial term of the lease. Lessor shall have the option to increase the monthly rental amount a maximum of six (6%) percent in each year the lease should continue past the initial five (5) year term.

2.4 Lessor may exercise its options to increase rental amount as provided in paragraph 2.3 by giving Lessee sixty (60) days written notice of intent to increase same with notice of the specific month the increase shall become effective.

2.5 Tax on Rents. In addition to the monthly rental payment, Lessee shall further pay to Lessor any, and all, excise, privilege, rental and other taxes ("Tax" herein) levied or assessed by any governmental authority upon or measured by any rental or other sums to be paid by Lessee to or on behalf of Lessor, pursuant to the terms of this Lease. Such Tax shall include, without limitation any new tax of a nature not presently in effect but which may be hereafter levied, assessed or imposed upon the Leased Premises if such new tax shall be based on or arise out of the ownership, use or operation of the Leased Premises by Lessee.

### **ARTICLE THREE**

3.1 Use. The Lessee shall use and occupy the property exclusively for the operation of the following activities:

#### **The practice of law**

3.2 Compliance with laws. Lessee agrees to conform business conducted on the premises and operation thereof, to laws relating thereto and to all requirements of any properly constituted public tribunal or officer, federal, state and municipal, and to reasonable directions and requirements of insurance companies carrying insurance on the premises or property thereon or therein.

### **ARTICLE FOUR**

4.1 Acceptance. Except as otherwise provided herein, Lessee has examined the premises prior to and as a condition precedent to acceptance and the execution hereof, and is satisfied with the physical condition thereof, and taking possession thereof shall be

conclusive evidence of Lessee's receipt of same in good order and repair. Lessee agrees and admits that no representations as to the condition or repair thereof has been made by lessor or his agent, which is not herein expressed, or endorsed herein; and likewise agrees and admits that no agreement or promise to decorate, alter, repair or improve premises, either before or after the execution hereof, not contained herein, has been made by Lessor or his agent.

4.2 Light Fixture Installation. The foregoing provision notwithstanding, the parties acknowledge that permanent light fixtures and blinds have not been installed within many of the offices located within the 2nd floor rented by Lessee. The parties also understand that installation of such light fixtures and blinds must take into consideration the historical character of the premises. Lessee will install, at its sole expense, light fixtures and approved wooden blinds within the offices. Prior to said installation, Lessee shall obtain the approval of the chairman of the City of Globe Historical Commission and the City Manager on the type of light fixtures and wooden blinds to be installed. Lessor shall cooperate with Lessee to insure expeditious review and decision on the light fixtures and blinds proposed.

4.3 Credit Against Rent. Because the light fixtures and wooden blinds installed pursuant to the preceding paragraph will remain as part of the premises on termination of the lease, Lessee shall receive a credit against the actual cost incurred for the purchase and installation of the lighting fixtures and wooden blinds. That credit shall be applied at the rate of \$500.00 per month until such time as Lessee has been reimbursed in full for the actual cost of purchase and installation of the approved light fixtures. Lessee shall provide the City Manager with all documentation and information required by the Manager to determine the amount of credit to be applied.

4.4 Elevator Maintenance. Lessee acknowledges the City of Globe has entered into a maintenance agreement to maintain the elevator which could be utilized in accessing the premises by Lessee. Lessee agrees to take no action to violate the terms of that

— maintenance agreement and agrees to cooperate in full with the City in compliance with the maintenance agreement. The City shall pay the cost of the maintenance agreement out of any rental received from Lessee and shall have access to the elevator for the purposes of maintenance and access to the basement floor of the Amster Building. All cost for electrical power utilized for operation of the elevator shall be paid by Lessee.

4.5 First Floor Tenants. Lessee acknowledges that the first floor of the Amster Building is subject to a prior lease. Lessee shall take no action to interfere with the rights of the tenant on the first floor pursuant to the terms of that lease.

#### ARTICLE FIVE

5.1 Maintenance - Lessee. Rental payment to Lessor is net and all cost of operation of Lessee's business shall be the responsibility of Lessee. Lessee shall perform all normal maintenance and cleaning to the interior and exterior walls, ceilings, floors and woodwork, paint, plastering, plumbing, pipes, and fixtures, in a clean, sightly and healthy condition, and in good repair, all according to the statutes and ordinances that might apply to the operation of Lessee's business activity, all at his own expense, and shall yield the same back to Lessor upon the termination of lease, whether such termination shall occur by expiration of the term or in any other manner whatsoever, in the same condition of cleanliness, repair and sightliness as the date of the execution hereof, loss by fire and reasonable wear and tear excepted. Lessor shall make all necessary repairs and renewals to exterior and interior walls, ceilings, roof, floor, woodwork, paint, plastering, plumbing, pipes and fixtures in or on the premises whenever damage or injury to same shall have resulted from misuse or neglect, or any cause other than Lessee's acts. If Lessee fails to comply with the provisions of this paragraph, Lessor may enter the premises, himself or by his agents, servants or employees, without such entering causing or constituting a termination of this lease or an interference with the possession of the premises by Lessee, and Lessor may replace the same in the same condition of repair, sightliness, healthiness and cleanliness as existed at the date of execution

hereof, and Lessee agrees to pay lessor, in addition to the rent hereby reserved, the expenses incurred by Lessor.

5.2 (a) Alterations - Lessee. Should Lessee desire to make any changes or alterations to said premises, Lessee shall submit a written plan for such alterations to lessor. Lessor, at its sole discretion, may notify Lessee that the alterations or changes can or cannot be made. All alterations, changes and improvements shall be made at Lessee's expense and subject to Lessor's interest and rights on termination of this lease.

(b) Condition for Alterations. Lessee further agrees that Lessee will pay all liens of contractors, subcontractors, mechanics, laborers, materialmen, and other items of like character and will indemnify Lessor against all legal costs and charges, bond premiums for release of liens, including counsel fees reasonably incurred for the defense or prosecution of any suit in discharging the said premises or any part thereof from any liens, judgments or encumbrances caused or suffered by Lessee. It is understood and agreed between the parties hereto that the costs and charges above referred to shall be considered as rent due and shall be included in any lien for rent.

The Lessee shall not have any authority to create any liens for labor or material on the Lessor's interest in the above described property, and all persons contracting with the Lessee for the destruction or removal of any building, for the erection, installation, alteration, or repair of any building or other improvements on the above described premises, and all materials, contractors, mechanics, and laborers, are hereby charged with notice that they must look to the Lessee, and to the Lessee's interests only in the above described property, to secure the payment of any bill for work done or material furnished during the rental period created by this lease.

(c) Rights on Termination. Upon the termination of this lease, all changes, alterations, additions, repairs or improvements to or on the building and premises shall become the property of Lessor without liability on his part to pay for same, except however that any

trade fixtures, shelving, counters, mirrors, equipment or appliances placed in the buildings by Lessee which do not actually become a part of same, may be removed by Lessee during the term hereby created, provided that Lessee shall be responsible to Lessor for all damages to the premises occasioned by the removal of said items.

5.3 Utility Expenses. Lessee shall pay all costs and expenses incurred during the term of the lease as a result of his occupancy of the premises including, but not limited to, all expenses incurred for utility services, including water, gas, electricity, telephone, sewage, and garbage, in and to the property which is the subject of this Lease and shall provide proof of said payment to Lessor upon Lessor's request. Costs of power to operate the elevator shall also be an obligation of Lessee.

#### **ARTICLE SIX**

6.1 Indemnification. Lessee shall hold Lessor harmless and indemnify Lessor from and against all claims for any bodily injury, loss, or damage to any person or property by Lessee and from and against all bodily injury, loss, claim or damage to any person or property anywhere occasioned by any act or omission of Lessee. In case Lessor shall, without fault on Lessor's part, be made a party to any litigation commenced by or against the Lessee for any of the above reasons, then Lessee shall protect and hold Lessor harmless and pay all costs, penalties, charges, damages, expenses, and reasonable attorney's fees incurred or paid by the Lessor. As used herein, the term "Person" means any person, firm, corporation, association, partnership, trust, joint venture, or other entity.

#### **ARTICLE SEVEN**

7.1 Liability Insurance. Lessee shall provide, maintain and pay the cost of liability insurance insuring Lessor and Lessee, against any and all claims which may be established or made against Lessor or Lessee for property damage and for damages which may result from the death of or injury to any person or persons who may be near, in or upon the premises during the term of this lease, said insurance shall be in the amount of One Hundred

Thousand (\$100,000.00) Dollars for property damage and in the amount of at least One Million (\$1,000,000.00) Dollars for the death of or injury to one person and in the amount of at least One Million (\$1,000,000.00) Dollars for the death of or injury of two or more persons.

All insurance provided for herein shall be covered by policies of insurance of responsible companies duly authorized to transact business in the State of Arizona.

All policies of insurance provided for herein shall list the Lessor as coinsured and original policies therefrom shall be delivered to the Lessor, together with receipted bills showing payment of premiums.

7.2 Casualty Insurance. All personal property in or upon the premises shall be held on same at the sole risk of the Lessee, and Lessor shall not be liable for any damages to said personal property, to said premises, or to Lessee or other persons, arising from the building or any part of or appurtenance thereof becoming out of repair, or from the bursting, leaking or overflowing of water, gas, sewer or steam pipes, or from any sprinkler system in said building or any plumbing connected therewith, or from any damage caused by defective electric wiring, or from any acts or neglect of co-tenants or other occupants of the building or other person, or from theft, or due to the happening of any accident in or to said building. Lessee shall have the responsibility to insure against such losses.

7.3 Casualty Insurance Proceeds. If the premises shall, without fault of Lessee, be destroyed or be so damaged as to become wholly or partially untenable by fire or by providential means, then, if Lessor shall by writing delivered to lessee within ten (10) days after such damage or destruction elect to rebuild or repair same, this lease shall remain in force and Lessor shall rebuild or repair the premises within a reasonable time after such election, putting same in as good condition as they were at time of destruction or damage and for that purpose may enter the premises and the rent shall abate during the time premises are untenable, but if Lessor does not elect to rebuild or repair, Lessor shall have possession of premises and Lessee shall deliver and surrender to Lessor such possession and this lease shall



become void and the term hereby created shall terminate; and on such delivery and surrender being made or on recovery of premises by lessor, the obligation to pay rent shall cease, but until such delivery and surrender or recovery the obligation to pay rent shall not cease.

7.4 Loss Occasioned by Lessee. Lessee shall, in case of fire, or loss or damage from other causes, give immediate notice thereof to Lessor. In the event of damage by fire or other causes due to or resulting from the fault or negligence of Lessee or Lessee's agents, employees, invitees or visitors, the same shall be repaired by and at the expense of lessee under the direction and supervision of Lessor.

7.5 Insurance Proceeds. Should Lessor have insurance coverage in force for any casualty loss that may occur on the premises, said coverage, proceeds and benefits are for the sole protection, right and use of Lessor. Lessee shall bear all risk for loss or damage to the buildings during the term of this lease and shall reimburse or compensate Lessor for any such loss. The Lessee agrees to provide and maintain insurance for protection of or against any loss that might occur to the improvements located on the property during his occupancy of the premises and the buildings shall be insured in the amount of not less than One Hundred Thousand (\$100,000.00) Dollars with lessor as coinsured. Copies of said policies shall be made available to Lessor upon demand and shall be maintained in force during the full term of this lease and any extension thereof.

#### **ARTICLE EIGHT**

8.1 Assignment Precluded. This Lease may not be assigned without the written consent of the Lessor, but the Lessor shall not unreasonably withhold consent to such assignment.

8.2 Subletting Precluded. The property shall not be sublet in any manner without Lessor's written consent.

#### **ARTICLE NINE**

9.1 Taxes. Lessee agrees to pay, when due, all taxes or assessments that

may be placed on the demised premises as a result of the business activity of Lessee during the term of this lease.

#### **ARTICLE TEN**

10.1 Abandonment. In case Lessee shall abandon or be removed from the premises before the end of the term, Lessor immediately or at any time afterwards, without notice and without waiving or postponing any right against Lessee, may relet premises or any part thereof on such terms as he shall deem best, and apply proceeds from time to time, less expenses, including cost of repairs and collection, or such rent, work, materials, service, and interest, or judgment thereof, and hold Lessee for the balance unpaid on account thereof.

10.2 Insolvency. If the Lessee should make an assignment for the benefit of creditors, then this lease would at the option of the Lessor cease to exist. If any proceedings are brought against the Lessee under the Bankruptcy Act, or any amendment thereto, and if the proceedings shall not be dismissed within a reasonable time, or if a receiver is appointed in any proceedings to which the Lessee is a party, with authority to take possession or control of the demised premises, any such event shall be deemed to constitute a breach of this lease and the Lessor may forthwith reenter, terminate the lease, and all rights of any persons thereunder, and take back the premises.

#### **ARTICLE ELEVEN**

11.1 Default. "Default", as that term is used herein, means the occurrence of any one or more of the following events:

(a) Failure of Lessee to pay when due any installment of rent or taxes as provided herein or

(b) The failure by lessee to comply with any term, covenant, or provision in the Lease, other than the covenants to pay rent, and the failure by Lessee, within thirty (30) days after Lessor has notified Lessee of such failure, to commence to cure such failure and thereafter to proceed diligently to cure such failure within a reasonable period of time.

11.2 Remedies After Default. Upon the occurrence of a Default (including the passage of time specified therefor without cure), Lessor shall have the option to pursue any one or more of the following remedies without any further notice or demand whatsoever, and shall have the right to pursue any other remedies at law or in equity, the following remedies being non-exclusive:

(a) Terminate the Lease, in which event Lessee shall immediately surrender the property to Lessor, and, if Lessee fails to do so, Lessor may, without prejudice to any other remedy which Lessor may have hereunder for possession or arrearages in rent, enter upon and take possession of the premises and expel or remove Lessee and any other person who may be occupying the property, or any part thereof, and Lessee agrees to pay to lessor on demand the amount of all loss and damages which lessor may suffer by reason of such termination, whether through inability to relet the premises on satisfactory terms or otherwise; or

(b) Enter upon and take possession of the premises and expel or remove Lessee and any other person who may be occupying the premises or any part thereof, by force, if necessary, without being liable for prosecution or any claim for damages therefor, and, if Lessor elects, relet the premises on such terms as Lessor may deem advisable and receive the rent thereof, and, if lessor agrees to pay to Lessor on demand any deficiency that may arise

(c) Enter upon the premises by force, if necessary without being liable for prosecution or any claim for damages therefor, do whatever Lessee is obligated to do under the terms of the lease, and obtain reimbursement from Lessee for any expenses which Lessor may incur in thus affecting compliance with Lessee's obligations under the lease.

## ARTICLE TWELVE

12.1 Holding Over. In the event Lessee remains in possession of the premises or any part thereof after the expiration of the lease and without the execution of a new lease agreement, lessee shall be deemed to be occupying the premises as a tenant from month-to-month at a rental equal to the rental herein provided and otherwise subject to all the terms, covenants, and provisions of the lease insofar as the same are applicable to a month-to-

month tenancy.

### **ARTICLE THIRTEEN**

13.1 Term Renewal. This lease shall automatically renew for a term of sixty (60) months commencing at the end of the initial term, unless either party provides 180 days written notice to the other party of intent not to renew. The terms of the lease upon automatic renewal shall be the same as the initial term with the optional monthly rental increase set forth in paragraph 2.3 herein.

13.2 Automatic Renewal of terms subsequent to the initial term. In addition to the automatic renewal provisions applying to the initial term of sixty (60) months, this lease shall renew automatically with the same terms and conditions at the end of each new sixty (60) month lease term, unless either party shall provide 120 days notice of intent not to renew.

### **ARTICLE FOURTEEN**

14.1 Notices. Whenever any notice or demand is required or permitted hereunder, such notice or demand must be in writing. Any notice, demand, payment, or document required or permitted to be delivered hereunder shall be deemed to be delivered whether actually received or not on the fifth (5th) business day after it is deposited in the United States mail, postage prepaid, addressed to the following:

#### **Lessor**

City of Globe  
Attn: City Manager  
150 North Pine Street  
Globe, Arizona 85501

#### **Lessee**

Thomas M. Thompson  
P. O. Box 2510  
Globe, Arizona 85502

Any party or person entitled to receive notices, demands, payments and documents hereunder may change, at any time and from time to time, by written notice the address heretofore specified for receiving the same.

14.2 Number or Gender of Words. Whenever herein the singular number is

used, the same shall include the plural where appropriate, and words of any gender shall include each other gender where appropriate.

14.3 Captions. The captions, headings and arrangements used in the lease are for convenience only and do not in any way affect, limit, or amplify the terms and provisions hereof.

14.4 Waivers and Consents. One or more waivers of any covenant, term, or provision of the lease by any party shall not be construed as a waiver of a subsequent breach of the same covenant, term, or provision, nor shall it be considered a waiver of any other then existing or subsequent breach of a different covenant, term, or provision. The consent or approval by either party to or of any act by the other party requiring such consent or approval shall not be deemed to waive or render unnecessary consent to or approval of any subsequent similar act.

14.5 Entirety of Agreement; Amendments. This lease contains the entire agreement between the parties, and no agreement shall be effective to change, modify, or terminate this lease in whole or in part unless such agreement is in writing and duly signed by the party against whom enforcement of such change, modification, or termination is sought.

14.6 Invalid Provisions. If any provision of the lease is held to be illegal, invalid, or unenforceable under present or future laws effective during the term of this lease, the legality, validity, and enforceability of the remaining provisions of this lease, shall not be affected thereby, and in lieu of each such illegal invalid, or unenforceable provision there shall be added automatically as a part of the lease a provision as similar in terms to such illegal, invalid, or unenforceable provision as may be legal, valid, and enforceable.

14.7 Persons Bound by Lease. Subject to the provisions of Section 8.1 of Article Eight, the lease agreement shall be binding upon and inure to the benefit of lessor and Lessee, their successors, and assigns.

14.8 Attorney Fees. Should any proceedings or litigation be commenced

between the parties hereto concerning the terms of this Agreement, or the rights and duties of the parties hereto, the prevailing party in such proceedings or litigation shall be entitled, in addition to such other relief as may be granted, to a reasonable sum, as and for the prevailing party's attorneys' fees.

IN WITNESS WHEREOF, the parties have executed this lease effective as of the 1st day of July, 2002.

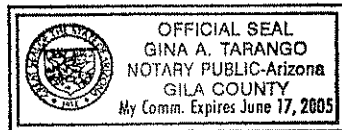
CITY OF GLOBE

THOMAS M. THOMPSON

By Stanley M. Gibson

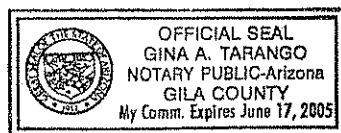
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SUBSCRIBED AND SWORN TO before me this 22nd day of May, 2002, by Thomas M. Thompson.



[Signature]  
Notary Public Tarango

SUBSCRIBED AND SWORN TO before me this 23RD day of May, 2002, by Stanley M. Gibson.



[Signature]  
Notary Public Tarango